©
GOVERNMENT OF TAMIL NADU
2025

[Regd. No. TN/CCN/467/2012-14.
[R. Dis. No. 197/2009.
[Price: Re. 7.20 Paise.

TAMIL NADU GOVERNMENT GAZETTE

PUBLISHED BY AUTHORITY

No. 3] CHENNAI, WEDNESDAY, JANUARY 22, 2025
Thai 9, Kurothi, Thiruvalluvar Aandu–2056

Part VI—Section 2

Notifications of interest to a section of the public issued by Heads of Departments, etc.

NOTIFICATIONS BY HEADS OF DEPARTMENTS, ETC.

CONTENTS

Pages.

TAMIL NADU ELECTRICITY REGULATORY COMMISSION

The Tamil Nadu Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Amendment) Regulations, 2024. 2-18

NOTIFICATIONS BY HEADS OF DEPARTMENTS, ETC.

TAMIL NADU ELECTRICITY REULATORY COMMISSION CHENNAI.

The Tamil Nadu Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Amendment) Regulations, 2024.

(Notification No. TNERC/DSM&RM/22-3, dt. 27-12-2024)

(Lr.No. TNERC/Legal/1366/D.No.1859/2024)

No.VI(2)/1/2025.

In exercise of the powers conferred by Sections 86(1) and 181(2)(zp) read with Sections 32 and 33 of the Electricity Act, 2003 (Central Act 36 of 2003) and all other powers enabling it in this behalf, the Tamil Nadu Electricity Regulatory Commission hereby makes the following amendments to the Tamil Nadu Electricity Regulatory Commission (Deviation settlement mechanism and related matters) Regulations, 2019 (hereafter referred to as "the Principal Regulations") and the draft of the same having been previously published as required by sub-section (3) of section 181 of the said Act:

AMENDMENTS

(i) These Regulations may be called as the "Tamil Nadu Electricity Regulatory Commission (Deviation settlement mechanism and related matters) (Amendment) Regulations, 2024".

(ii) These Regulations shall come into force from the date of publication in the *Tamil Nadu Government Gazette* except for Sub-clauses (2) and (3) in clause (A) of Regulation 10 of these Regulations pertaining to removal of cap rate which shall come into force from 01-04-2024 as ordered by the Commission in its Order No. 1 of 2024, dated 22-01-2024 and Order dated 13-08-2024 in M.P. No. 22 of 2024.

2. Amendment to the Regulation 4 of the Principal Regulations:

In the principal Regulations, in Regulation 4, the sub-regulations (1) and (2) shall be substituted as follows:

"(1) These Regulations shall be applicable to all buyer(s) and seller(s) involved in the transactions of conveyance of electricity facilitated through Open Access using intra-state transmission system and/or distribution system of electricity (including inter-state wheeling of power), subject to the following conditions:

(a) *Deviation Settlement Mechanism under this Regulation shall be applicable to all seller(s) including Open Access Generating Station(s), State owned Generating Station(s), but excluding wind, solar and State owned hydro Generating Station(s) including run of river projects connected to intra-state transmission system or distribution system and*

(b) *Deviation Settlement Mechanism under this Regulation shall be applicable to all buyers i.e. Distribution Licensee(s), deemed Distribution Licensee(s) and full Open Access Consumers connected to intra-state transmission system or distribution system;*

Provided that these Regulations shall be made applicable to all Open Access consumers connected to the intra-state transmission system or distribution system on later date as may be notified by the Commission."

3. Amendment to the Regulation 6 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 6, in sub-regulation (5), the expression (1) shall be re-numbered as (6).

4. Amendment to the Regulation 7 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 7, in sub-regulation (1), the clause (C) shall be substituted as follows:

"Operating Range of Frequency: *The normal operating range for average grid frequency for time block shall be in line with range stipulated under IEGC from time to time and no deviation shall be allowed beyond such operating range of frequency.*

Note:- *The system frequency = f and f_{band} = [49.90 Hz ≤ f ≤ 50.05 Hz] and this frequency band shall be applied in this Regulation, wherever applicable;"*

(ii) In the principal Regulations, in Regulation 7, in sub-regulation (1), the clause (E) shall be substituted as follows:

"Settlement Period: *Preparation and settlement of 'State Deviation Pool Accounts' shall be undertaken on weekly basis and the same shall be published in the website of the SLDC on weekly basis;"*

(iii) In the principal Regulations, in Regulation 7, in sub-regulation (1), the clause (I) shall be substituted as follows:

"Premise for Allocation of Losses: For scheduling purpose, the transmission and distribution losses as specified in the Commission's tariff order issued from time to time shall be made applicable amongst the State Entities to the scheduled drawal by each State Entity in the respective time block.

Provided that the SLDC shall maintain accounts of actual intra-state transmission system losses of each time block and publish on its website;"

5. Amendment to Regulation 9 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 9, the sub-regulation (2) shall be substituted as follows:

"If in the proceeding initiated by the Commission or in the enquiry made in this regard under sub regulation (1), it is proved that any seller or any Buyer has indulged in gaming, the Commission may without prejudice to any other action under the Act or Regulation made there under, levy penal charges for deviation to such seller or buyer during the period of such gaming.

(ii) In the principal Regulations, in Regulation 9, after sub-regulation (2) and the entries relating thereto, the following sub-regulation shall be inserted, namely;-

"(3) Notwithstanding to the sub-regulations (1) and (2), the generating company may be required to demonstrate the declared capability of its generating station as and when asked by the SLDC. In the event of generator failing to demonstrate the declared capability, the SLDC may initiate proceedings against such generator by filing appropriate petition before the Commission as specified in the sub-regulation (1)."

6. Amendment to Regulation 10 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 10, in clause (A), the sub-clause (1) shall be substituted as follows:

"The charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the Annexure-1 of these Regulations and subject to conditions stipulated under clause (2) to (7) of this regulation:

Provided the seller/buyer shall stick on to their schedule at each time block and any deviation shall not exist for more than 6 continuous blocks i.e. a change in sign of the deviation shall be made once every 6 time blocks, failing which additional charges @ 20% over and above the deviation charges applicable shall be levied for the duration of continuance of violation i.e. from 7th block;

Provided further that the applicability of above prescribed additional charges for such failure by seller(s) / buyer(s) shall be applicable from the date of notification of this amendment."

(ii) In the principal Regulations, in Regulation 10, in clause (A), the sub-clauses (2) and (3) shall be omitted.

(iii) In the principal Regulations, in Regulation 10, in clause (A), the sub-clause (9) shall be substituted as follows:

"The charges for deviation by way of injection of infirm power prior to COD shall be zero"

7. Amendment to Regulation 11 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 11, the Proviso to clause (A) shall be substituted as follows:

"Provided that the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% over and above the daily base DSM payable / receivable shall be applicable in case of said violation and this additional charge is in addition to the penalty for gaming as prescribed in the sub-regulation 2 of regulation 9;"

(ii) In the principal Regulations, in Regulation 11, the proviso to clause (B) shall be substituted as follows:

"Provided that no over-drawal of electricity by any Buyer and under-injection of electricity by the seller shall be permissible when the grid frequency is "below 49.90" and no under-drawal of electricity by any Buyer and over-injection of electricity by the seller shall be permissible when grid frequency is "50.05 Hz and above;"

(iii) In the principal Regulations, in Regulation 11, the clause (D) shall be substituted as follows:

"In addition to Charges for Deviation as stipulated under Regulation 10 of these Regulations, Additional Charge for Deviation shall be applicable for over-drawal as well as under-injection of electricity for each time block in excess of the volume limit specified in Clause (B) and (C) of this regulation when average grid frequency of the time block is "49.90 Hz and above" at the rates specified in the Table I of Annexure II in accordance with the methodology specified in clause (M) of this regulation;"

(iv) In the principal Regulations, in Regulation 11, the clause (E) shall be substituted as follows:

"Additional charge for deviation for under-injection of electricity shall be the same to all type of sellers irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not;"

(v) In the principal Regulations, in Regulation 11, the proviso clause to the clause (L) shall be omitted.

(vi) In the principal Regulations, in Regulation 11, the clause (M) shall be substituted as follows:

"The Additional Charge for Deviation for over-drawals and under-injection of electricity for each time block in excess of the volume limit specified in clause (B) and (C) of this Regulation when grid frequency is "49.90 Hz and above" shall be levied as per the Table–I of Annexure –II of this Regulation. This additional charge shall be levied over and above the deviation charges as specified in the Annexure – I & III of this Regulation;"

(vii) In the principal Regulations, in Regulation 11, the clause (N) shall be substituted as follows:

"The additional Charge for Deviation for over-drawals and under-injection of electricity for each time block when grid frequency is "below 49.90 Hz" shall be equivalent to 100% of Charge for Deviation corresponding to average grid frequency of the time-block. This additional charge shall be levied over and above the deviation charges as specified in the Annexure – I & III of this Regulation;"

(viii) In the principal Regulations, in Regulation 11, the clause (O) shall be omitted.

(ix) In the principal Regulations, in Regulation 11, the clause (Q) shall be substituted as follows:

"The additional charges @ 20% of the deviation charges applicable on daily base DSM payable/receivable as the case may be shall be levied for the duration of continuance of violation of sign change stipulation for each such violation during a day from the date of notification of this amendment.

To illustrate, the change of sign should take place at least once after every six time blocks. Accordingly, the entity, starting from time block t1, should change the sign after time block t6. In case, sign change does not take place immediately in block t7, but takes place from time block t8 upto time block t12, additional charge shall be levied equivalent to one violation.

In case, sign change does not take place immediately after time block t12 i.e. in block t13, but takes place from time block t14 upto time block t18, additional charge shall be levied equivalent to two violation;."

(x) In the principal Regulations, in Regulation 11, the clause (T) shall be substituted as follows:

"The State Load Despatch Centre shall, on weekly basis, prepare and publish on its website the records of the Deviation Accounts, specifying the quantum of over-drawal/ under-injection and corresponding amount of Charges for Deviation payable/receivable for each Buyer and Seller."

8. Amendment to Regulation 13 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 13, in sub-regulation (2), the clause (iii) shall be substituted as follows:

"The State entities shall comply with statutory requirements for payment of applicable statutory levies, if any;"

9. Amendment to Regulation 14 of the Principal Regulations:

(i) In the principal Regulations, in Regulation 14, the sub-regulation (2) shall be substituted as follows:

"If payments against the Charges for Deviation including Additional Charges for Deviation are delayed by more than two days, i.e., beyond twelve (12) days from the date of issue of the statement by the SLDC, the defaulting constituent shall have to pay simple interest @ 0.06% for each day of delay and the same may be added in the energy bill, if such facility is available, of such defaulting constituent by the Distribution Licensee on receipt of information of such default from the SLDC. This is without prejudice to any action that may be taken under Section 142 of the Act in addition to any action under Section 56 of the Act and other relevant Regulations."

10. Amendment to Annexure-I of the Principal Regulations:

(i) In the principal Regulations, in the Annexure-I, the clause (1) shall be substituted as follows:

"1) As specified in the Regulation 10(A) of these Regulations, the charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the following table:

Average frequency of time block (Hz)		*Charges for deviation*
Below	*Not below*	*(paise/kwh)*
	50.05	*0.0*
50.05	*50.04*	*Slope determined by joining the price at not below 50.05 Hz and identified price at 50.00 Hz and as detailed in the note below of this Regulation.*
50.04	*50.03*	
50.03	*50.02*	
50.02	*50.01*	
50.01	*50.00*	*Where P is the Weighted average Area Clearing Price in paisa per kWh discovered in the Day Ahead Market segments of all the power exchanges*

50.00	*49.99*	*Slope determined by joining the price identified at 50.00 Hz and price at below 49.90 Hz and as detailed in the note below of this Regulation.*
49.99	*49.98*	
49.98	*49.97*	
49.97	*49.96*	
49.96	*49.95*	
49.95	*49.94*	
49.94	*49.93*	
49.93	*49.92*	
49.92	*49.91*	
49.91	*49.90*	
49.90		*1000.00*

(ii) In the principal Regulations, in the Annexure-I, in clause (1), the sub-clause (vi) shall be omitted.

11. Amendment to Annexure-II of the Principal Regulations:

(i) In the principal Regulations, in the Annexure-II, the Table-II shall be omitted.

12. Amendment to Annexure-III of the Principal Regulations:

(i) In the principal Regulations, the Annexure-III shall be substituted as follows:

"*Illustration to the DSM price vector:*

Average frequency of the time block (Hz)		*Charges for deviation (Paise/kWh)*
Below	*Not below*	
	50.05	*0.00*
50.05	*50.04*	*1 X P/5*
50.04	*50.03*	*2 X P/5*
50.03	*50.02*	*3 X P/5*
50.02	*50.01*	*4 X P/5*
50.01	*50.00*	*P*
50.00	*49.99*	*90.909 + 10 X P/11*
49.99	*49.98*	*181.818 + 9 X P/11*
49.98	*49.97*	*272.727 + 8 X P/11*
49.97	*49.96*	*363.636 + 7 X P/11*
49.96	*49.95*	*454.545 + 6 X P/11*
49.95	*49.94*	*545.454 + 5 X P/11*
49.94	*49.93*	*636.363 + 4 X P/11*
49.93	*49.92*	*727.272 + 3 X P/11*
49.92	*49.91*	*818.181 + 2 X P/11*
49.91	*49.90*	*909.090 + 1 X P/11*
49.90		*1000.00*

Where P is the Weighted average Area Clearing Price in paisa per kWh discovered in the Day Ahead Market segments of all the power exchanges."

13. General Amendments:

(i) In the Principal Regulations, for the expression "49.85 Hz" wherever it occurs, the expression "49.90 Hz" shall be substituted.

(By order of the Tamil Nadu Electricity Regulatory Commission)

Chennai,
30th December 2024.

C. VEERAMANI,
Secretary,
Tamil Nadu Electricity Regulatory Commission.

EXPLANATORY STATEMENT

1. The Tamil Nadu Electricity Regulatory Commission (Deviation settlement mechanism and related matters) Regulations, 2019 was notified by the Commission *vide* Notification No. TNERC/DSM&RM/22-1, dated 01-03-2019 and the same was published in the *Tamil Nadu Government Gazette* on 20-03-2019. The whole purpose of this Regulation is to bring grid discipline by maintaining the schedule and drawal by the sellers (conventional generators) and the buyers (excluding direct customers of the Distribution Licensee (including partial and full open access consumers)) connected to the intra-state transmission system or distribution system.

2. The rising Renewable Energy (RE) penetration and associated uncertainty of generation along with uncertainty of electricity demand remains a key challenge in ensuring power system stability. Power system stability is influenced by two critical and dynamic parameters – (i) system frequency and (ii) market prices.

3. To ensure that the Deviation Settlement Mechanism is able to provide appropriate signal to minimize power system imbalance thus ensuring power system stability, the present amendments are made by imposing penal actions for the deviations which should have come into force six months after notification of these Regulation but commenced only on 01-04-2024 since the licensee was not ready in various aspects especially in communicating and transfer of energy data from the meters. Necessary order was issued by the Commission in this regard *vide* Order No. 1 of 2024, dated 22-01-2024.

4. Meanwhile, the Commission in its order dated 13-08-2024 in M.P.No. 22 of 2024 filed by the TANGEDCO has inter-alia passed the following orders in consultation with the stakeholders concerned:

   "…… 2.7.2. The charges for deviation as per the TNERC (Deviation Settlement Mechanism and related matters) Regulations, 2019 is applicable to all the Generators in respect of transactions of conveyance of electricity through short- term open access or medium-term open access or long-term open access using intra-State transmission system or distribution system of electricity (including inter-state wheeling of power). However, the cap rate prescribed in the Regulation 10(A)(2) and 10(A)(3) of TNERC (Deviation Settlement Mechanism and related matters) Regulations, 2019 is removed and necessary amendment to this effect will be issued by the Commission in due course."

5. In view of the above order, this amendment is issued duly considering the interest of all the stakeholders, safe, secure and reliable operation of the grid. It is also to be stated that the grid separation/failure is reduced drastically after implementation of inter-state Availability Based Tariff (ABT) in phases during the years 2002-2003 in the Country. In the similar line, the intra-state deviation settlement mechanism (modified version of intra-state ABT) will also help the state grid for better performance. By linking DSM with market price, there will be more discipline in the grid as well as frequency band can be narrowed.

6. Further, it is necessary to remove the cap rate for the charges for deviation of the generating stations as prescribed in the Regulation 10(A)(2) and 10(A)(3) of TNERC (Deviation Settlement Mechanism and related matters) Regulations, 2019 in order to protect the interest of the Distribution Licensee and other stakeholders especially consumers of the Distribution Licensee. DSM interventions have helped utility not only to reduce the peak electricity demands, but also to defer high investments in generation, transmission and distribution networks. The reasons for decisions of the Commission for finalising this amendments are given in below:

a. The DISCOM pays the charges for deviations to the Regional Pool Account at the rate prescribed by the CERC, which does not commensurate with the Cap Rate prescribed in the Regulation 10(A)(2) and 10(A)(3) of TNERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, *viz*. 311 paise/unit (Generating stations for which Commission decides the tariff) and 303.04 paise/unit (Generating stations for which Commission does not decides the tariff). Whereas, the generators pays only the capped rates, and the difference between the payment made by the DISCOM for the State deviation and the deviation charges received by the DISCOM from these State generators have to be borne by the DISCOM only which in turn falls under the heads of common consumers through tariff hike.

b. The objective definition of "Gaming" should clearly identify the basis for assessing "intentional misdeclaration" of the schedule. There is a possibility that the Generator may indulge in gaming by under injecting over his committed schedule since the deviation charges were capped and the consumer especially captive consumer will get the benefit of adjusting his consumption over scheduled generation (lesser than the actual injection of power) thereby making undue commercial gain through DSM charges. Hence, the cap limit for deviation by the generators was removed. Also, there is no cap limit of levy for the deviation by the generators in respect of inter-state transaction.

7. The Commission in its order No. 1-1 of 2024, dated 20-02-2024 had exempted the Hydro Generating Stations including the Pumped storage power plant of the TANGEDCO under the purview of the Deviation Settlement Mechanism notified *vide* TNERC (Deviation Settlement Mechanism and related matters) Regulations, 2019 since the hydro generating stations are irrigation linked and are being utilisd as spinning reserve and operated fully as per the directions of the SLDC. Accordingly, this amendment excludes the hydro generating stations including run of river hydro projects under the purview of the Deviation Settlement Mechanism.

8. The very objective of these amendments is to maintain grid discipline and grid security as envisaged under the Tamil Nadu Electricity Grid Code through the commercial mechanism for Deviation Settlement through drawal and injection of electricity by users of the Grid. Also, Commission is in the process of amending the State Grid Code to align with the recent developments in the Power market.

9. As per the CERC order dated 31-03-2023 in Petition No. 04/SM/2023 (suo-Motu), the maximum ceiling limit applicable for daily average ACP discovered in the DAM segment of power exchange at 50.00 Hz shall be Rs.10/unit. Accordingly, the daily average ACP is revised from Rs.8/unit to Rs.10/unit and modified the DSM price vector in Annexure-III.

10. Based on the post implementation experiences of these Regulations in the State of Tamil Nadu, the review of the Tamil Nadu Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2019 to align with the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 to the extent possible will be undertaken by the Commission as and when necessary duly after consulting the views of all the stakeholders.

(By order of the Tamil Nadu Electricity Regulatory Commission)

Chennai,
30th December 2024.

C. VEERAMANI,
Secretary,
Tamil Nadu Electricity Regulatory Commission.

Statements showing existing provisions and provisions as amended

Amendment to TNERC (Deviation settlement mechanism and related matters) Regulations, 2019

Sl. No.	Existing Regulation	Regulation as amended
1.	**1. Short title and commencement** 1. xxx 2. These Regulations except provisions relating to commercial arrangements, deviation charges and penalty shall come into force on the date of publication of these Regulations in the *Tamil Nadu Government Gazette:* Provided that the provisions relating to Commercial Arrangements and the Deviation Charges and Additional Charge for Deviation and penal actions if any, shall come into force six months after the commencement of these Regulations.	**1. Short title and commencement** 1. xxx 2. These Regulations shall come into force from the date of publication in the *Tamil Nadu Government Gazette* except for Sub-clauses (2) and (3) in clause (A) of Regulation 10 of these Regulations pertaining to removal of cap rate which shall come into force from 01-04-2024 as ordered by the Commission in its Order No. 1 of 2024, dated 22-01-2024 and Order dated 13-08-2024 in M.P. No. 22 of 2024.
2	**4. Applicability** 1. These Regulations shall apply to the transactions of conveyance of electricity through short- term open access or medium-term open access or long-term open access using intra-State transmission system or distribution system of electricity (including inter-state wheeling of power). 2. These Regulations shall be applicable to (a) all Seller(s) including Open Access Generating Station(s),Generating stations of Distribution licensees but excluding Wind and Solar Generating Station(s) connected to Intra-state Transmission system or Distribution system and . (b) all Buyers, excluding full open access consumers, partial open access consumers connected to the Intra-State Transmission system or Distribution system.	**4. Applicability** (1) These Regulations shall be applicable to all buyer(s) and seller(s) involved in the transactions of conveyance of electricity facilitated through Open Access using intra-state transmission system and/or distribution system of electricity (including inter-state wheeling of power), subject to the following conditions: (a) Deviation Settlement Mechanism under this Regulation shall be applicable to all seller(s) including Open Access Generating Station(s), State owned Generating Station(s), but excluding wind, solar and State owned hydro Generating Station(s) including run of river projects connected to intra-state transmission system or distribution system and (b) Deviation Settlement Mechanism under this Regulation shall be applicable to all buyers i.e. Distribution Licensee(s), deemed Distribution Licensee(s) and full Open Access Consumers connected to intra-state transmission system or distribution system; Provided that these Regulations shall be made applicable to all Open Access consumers connected to the intra-state transmission system or distribution system on later date as may be notified by the Commission.
3	**6. Energy accounting statements** (1) to (5) xxx (1) A detailed energy accounting procedure shall be prepared by SLDC and submitted for approval to the Commission: Provided that SLDC shall undertake stakeholder consultation by uploading the Draft procedure on SLDC's website before submission of procedure to the Commission for approval.	**6. Energy accounting statements** (1) to (5) xxx (6) A detailed energy accounting procedure shall be prepared by SLDC and submitted for approval to the Commission: Provided that SLDC shall undertake stakeholder consultation by uploading the Draft procedure on SLDC's website before submission of procedure to the Commission for approval.

4	**7. Principles for operationalising Deviation Settlement Mechanism** (1) xxx (A) xxx (B) xxx (C) Operating Range for Frequency: The normal operating range for average grid frequency for time block shall be in line with range stipulated under IEGC and Tamil Nadu Electricity Grid Code from time to time. No Deviation shall be allowed beyond the specified operating range of frequency band by the Commission from time to time. (D) xxx (E) Settlement Period: Preparation and settlement of 'State Deviation Pool Accounts' shall be undertaken on weekly basis coinciding with mechanism followed for regional deviation settlement accounts. (F) xxx (G) xxx (H) xxx (I) Premise for Allocation of Losses: For the purpose of State Deviation Pool accounting, the information regarding average intra-state transmission losses for the previous fifty two weeks shall be posted in the website of the State Load Despatch Centre and the average intra-state transmission losses shall be allocated amongst the State Entities in proportion to the scheduled drawal by each State Entity; Provided the distribution losses allocated amongst the State entities shall be as approved by the Commission.	**7. Principles for operationalising Deviation Settlement Mechanism** (1) xxx (A) xxx (B) xxx (C) **Operating Range of Frequency:** The normal operating range for average grid frequency for time block shall be in line with range stipulated under IEGC from time to time and no deviation shall be allowed beyond such operating range of frequency. **Note:-** The system frequency = f and f_{band} = [49.90 Hz $\leq$ f $\leq$ 50.05 Hz] and this frequency band shall be applied in this Regulation, wherever applicable; (D) xxx (E) **Settlement Period:** Preparation and settlement of 'State Deviation Pool Accounts' shall be undertaken on weekly basis and the same shall be published in the website of the SLDC on weekly basis; (F) xxx (G) xxx (H) xxx (I) Premise for Allocation of Losses: For scheduling purpose, the transmission and distribution losses as specified in the Commission's tariff order issued from time to time shall be made applicable amongst the State Entities to the scheduled drawal by each State Entity in the respective time block. Provided that the SLDC shall maintain accounts of actual intra-state transmission system losses of each time block and publish on its website;
5	**9. Treatment for gaming** (1) xxx (2) If in the proceeding initiated by the Commission or in the enquiry made in this regard under sub regulation (1), it is proved that any seller or any Buyer has indulged in gaming, the Commission may without prejudice to any other action under the Act or Regulation made thereunder, disallow any charges for deviation to such seller or Buyer during the period of such gaming.	**9. Treatment for gaming** (1) xxx (2) If in the proceeding initiated by the Commission or in the enquiry made in this regard under sub regulation (1), it is proved that any seller or any Buyer has indulged in gaming, the Commission may without prejudice to any other action under the Act or Regulation made there under, levy penal charges for deviation to such seller or buyer during the period of such gaming. (3) Notwithstanding to the sub-regulations (1) and (2), the generating company may be required to demonstrate the declared capability of its generating station as and when asked by the SLDC. In the event of generator failing to demonstrate the declared capability, the SLDC may initiate proceedings against such generator by filing appropriate petition before the Commission as specified in the sub-regulation (1).

6	**10. Charges for deviations** **(A) Deviation Charges for Sellers and Buyers:** (1) The charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters)Regulations, 2014 and its amendments from time to time considering the methodology specified in the Annexure-1 of these Regulations and subject to conditions stipulated under clause (2) to (7) of this regulation: Provided that a change in sign of the deviation shall be made once every 6 time blocks, failing which additional charges @ 20% of the deviation charges applicable shall be levied for the duration of continuance of violation. Provided further that the applicability of above prescribed additional charges for such failure by Seller(s) /Buyer(s) shall be applicable from the date to be notified separately by the Commission. (2) The Charges for Deviation of generating stations whose tariff is determined by the Commission, when actual injection is higher than the scheduled generation, shall not exceed the Cap Rate [311] Paise/kWh to be determined by the Commission from time to time. (3) The Charges for the Deviation for the generating stations other than those covered under Sub-Clause (2) of Clause (A) of Regulation 10, irrespective of the fuel source, when actual injection is higher or lower than the scheduled generation, shall not exceed the Cap Rate of [303.04] Paise/kWh. (4) to (8) xxx (9) The infirm power injected into the grid by a generating unit of a generating station during the testing, prior to COD of the unit shall be paid at Charges for Deviation for infirm power injected into the grid, consequent to testing, for a period not exceeding 6 months or the extended time allowed by the Commission in the Tamil Nadu Electricity Regulatory Commission (Grid Connectivity and Intra-State Open Access Regulations), 2014, as amended from time to time, subject to ceiling of Cap Rates corresponding to the 1[main fuel] as determined by the Central Commission used for such injection as specified below: <table><tr><td>Domestic coal/ Lignite/ Hydro</td><td>1[1.78] / kWh sent out</td></tr><tr><td>APM gas as fuel</td><td>[2.82]/ kWh sent out up to the date of revision of price of APM gas by Government of India and thereafter, at the rate to be notified by the Commission separately</td></tr><tr><td>Imported Coal</td><td>1[3.03] / kWh sent out</td></tr></table>	**10. Charges for deviations** **(A) Deviation Charges for Sellers and Buyers:** (1) The charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the Annexure-1 of these Regulations and subject to conditions stipulated under clause (2) to (7) of this regulation: Provided the seller/buyer shall stick on to their schedule at each time block and any deviation shall not exist for more than 6 continuous blocks i.e. a change in sign of the deviation shall be made once every 6 time blocks, failing which additional charges @ 20% over and above the deviation charges applicable shall be levied for the duration of continuance of violation i.e. from 7th block Provided further that the applicability of above prescribed additional charges for such failure by seller(s) / buyer(s) shall be applicable from the date of notification of this amendment; Omitted Omitted (4) to (8) xxx (9) The charges for deviation by way of injection of infirm power prior to COD shall be zero.

7	**11. Limits on Deviation volume and consequences of crossing limits** (A) The over-drawal or under drawal of electricity by any Buyer during a time block shall not exceed 12% of its scheduled drawal or [X] MW, the limit arrived as per clause (B) of this regulation , whichever is lower, when grid frequency is between range of '49.85 Hz and above to below 50.05 Hz.' Provided that from a date not earlier than one year as may be notified by the Commission, the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% of the daily base DSM payable / receivable shall be applicable in case of said violation. (B) The Volume Limit of [X] MW for distribution licensee(s) and Buyers shall be determined as under: i. Minimum of (12% of schedule, (Peak Demand of Distribution Licensee or Buyer / ∑NCPD) x State Volume Limit) Where NCPD (Non-Coincident Peak Demand) represents the sum of Peak Demand of Distribution Licensee(s) and Buyer(s) subject to condition stipulated under following sub-clause (iii). ii. State Volume Limit shall be linked to Volume Limit (L) applicable to the State as per CERC DSM Regulations and its amendments thereof; iii. Where Peak Demand of the Distribution Licensee shall be recorded Peak Demand in the previous Financial Year or Projected Peak Demand in ensuing Financial Year, whichever is higher; Provided that no over drawal of electricity by any Buyer shall be permissible when grid frequency is "below 49.85 Hz" and no under drawal of electricity by any Buyer shall be permissible when grid frequency is "50.05 Hz and above". (C) xxx (D) In addition to Charges for Deviation as stipulated under Regulation 10 of these Regulations, Additional Charge for Deviation shall be applicable for over-drawal as well as under-injection of electricity for each time block in excess of the volume limit specified in	**11. Limits on Deviation volume and consequences of crossing limits** (A) The over-drawal or under drawal of electricity by any Buyer during a time block shall not exceed 12% of its scheduled drawal or [X] MW, the limit arrived as per clause (B) of this regulation , whichever is lower, when grid frequency is between range of '49.85 Hz and above to below 50.05 Hz.' Provided that the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% over and above the daily base DSM payable / receivable shall be applicable in case of said violation and this additional charge is in addition to the penalty for gaming as prescribed in the sub-regulation 2 of regulation 9; (B) xxx i. xxx ii. xxx iii. xxx Provided that no over-drawal of electricity by any Buyer and under-injection of electricity by the seller shall be permissible when the grid frequency is "below 49.90" and no under-drawal of electricity by any Buyer and over-injection of electricity by the seller shall be permissible when grid frequency is "50.05 Hz and above. (C) xxx (D) In addition to Charges for Deviation as stipulated under Regulation 10 of these Regulations, Additional Charge for Deviation shall be applicable for over-drawal as well as under-injection of electricity for each time block in excess of the volume limit specified in Clause (B) and

	Clause (B) and (C) of this regulation when average grid frequency of the time block is “49.85 Hz and above” at the rates specified in the Table I of Annexure II in accordance with the methodology specified in clause (M) of this regulation:	(C) of this regulation when average grid frequency of the time block is “49.90 Hz and above” at the rates specified in the Table I of Annexure II in accordance with the methodology specified in clause (M) of this regulation;
	(E) Additional Charge for Deviation for under-injection of electricity, during a time-block in excess of the volume limit specified in clause (C) of this regulation when grid frequency is “49.85 Hz and above”, by the generating stations regulated by the Commission using coal or lignite or gas supplied under Administered Price Mechanism (APM) as the fuel shall be at the rates specified in Table II of Annexure II in accordance with the methodology specified in clause (O) of this regulation;	(E) Additional charge for deviation for under-injection of electricity shall be the same to all type of sellers irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not;
	(F) to (K) xxx	(F) to (K) xxx
	(L) In addition to Charges for Deviation as stipulated under regulation 10 of these Regulations, Additional Charge for Deviation shall be applicable for over-drawal or under-injection of electricity when grid frequency is “below 49.85 Hz” in accordance with the methodology specified in clause (N) of this Regulation.	(L) In addition to Charges for Deviation as stipulated under regulation 10 of these Regulations, Additional Charge for Deviation shall be applicable for over-drawal or under-injection of electricity when grid frequency is “below 49.90 Hz” in accordance with the methodology specified in clause (N) of this Regulation;
	Provided that Additional Charge for Deviation for under-injection of electricity by a Seller, during the time-block when grid frequency is “below 49.85 Hz”, by the generating stations regulated by the Commission using coal or lignite or gas supplied under Administered Price Mechanism (APM) as the fuel in accordance with the methodology specified in clause (O) of this Regulation shall be equivalent to 100% of the Cap Rate being equivalent to the energy charges as billed for the previous month of the Main fuel.	Omitted.
	(M)The Additional Charge for Deviation for over-drawal and under-injection of electricity for each time block in excess of the volume limit specified in clause (B) and (C) of this Regulation when grid frequency is “49.85 Hz and above” shall be as specified by the Commission as a percentage of the charges for the Deviation corresponding to average grid frequency of the time block with due consideration to the behaviour of the Buyers and Sellers towards grid discipline:	(M) The Additional Charge for Deviation for over-drawals and under-injection of electricity for each time block in excess of the volume limit specified in clause (B) and (C) of this Regulation when grid frequency is “49.90 Hz and above” shall be levied as per the Table–I of Annexure –II of this Regulation. This additional charge shall be levied over and above the deviation charges as specified in the Annexure – I & III of this Regulation;
	Provided that the Commission may specify different rates for additional Charges for Deviation for over drawals and under injections depending upon different % of deviation from the schedule in excess of the volume limit specified in clause (B) and (C) of this Regulation.	

	(N) The additional Charge for Deviation for over-drawals and under-injection of electricity for each time block when grid frequency is “below 49.85 Hz” shall be as specified by the Commission as a percentage of the charges for the Deviation corresponding to average grid frequency of the time block with due consideration to the behaviour of the Buyers and Sellers towards grid discipline: Provided that the Commission may specify different rates for Additional Charges for Deviation for over drawls and under injections and for different ranges of frequencies “below 49.85 Hz”.	(N) The additional Charge for Deviation for over-drawals and under-injection of electricity for each time block when grid frequency is “below 49.90 Hz” shall be equivalent to 100% of Charge for Deviation corresponding to average grid frequency of the time-block. This additional charge shall be levied over and above the deviation charges as specified in the Annexure – I & III of this Regulation;
	(O) The Additional Charge for Deviation for under-injection of electricity during the time-block in excess of the volume limit specified in Clause (C) of this regulation when grid frequency is ‘49.85 Hz and above’, by the generating stations regulated by the Commission using coal/ lignite or gas supplied under Administered Price Mechanism (APM) as the fuel shall be as specified by the Commission as a percentage of the Cap Rate or the Charges for Deviation corresponding to the grid frequency of the time block, or both with due consideration to the behaviour of the generating stations regulated by the Commission towards grid discipline:	Omitted.
	(P) xxx	(P) xxx
	(Q) The additional Charge for violation of sign change stipulation shall be leviable for each such violation during a day from the date to be notified separately by the Commission.	(Q) The additional charges @ 20% of the deviation charges applicable on daily base DSM payable/ receivable as the case may be shall be levied for the duration of continuance of violation of sign change stipulation for each such violation during a day from the date of notification of this amendment.
	To illustrate, the change of sign should take place at least once after every six time blocks. Accordingly, the entity, starting from time block t1, should change the sign after time block t6. In case, sign change does not take place immediately after time block t6, but takes place from time block t7 upto time block t12, additional charge shall be levied equivalent to one violation. In case, sign change does not take place immediately after time block t12, but takes place from time block t13 upto time block t18, additional charge shall be levied equivalent to two violations.	To illustrate, the change of sign should take place at least once after every six time blocks. Accordingly, the entity, starting from time block t1, should change the sign after time block t6. In case, sign change does not take place immediately in block t7, but takes place from time block t8 upto time block t12, additional charge shall be levied equivalent to one violation. In case, sign change does not take place immediately after time block t12 i.e. in block t13, but takes place from time block t14 upto time block t18, additional charge shall be levied equivalent to two violations;

7	Provided that in case of run of river projects without pondage, payment of additional charge for failure to adhere to sign change requirement shall apply from such date as may be notified by the Commission. Such generators shall, however, be required to follow the sign change requirement and report to SLDC the reasons for non-adherence to the requirement. .(R) xxx (S) xxx (T) The State Load Despatch Centre shall, on weekly basis, prepare and publish on its website the records of the Deviation Accounts, specifying the quantum of over-drawal/ under-injection and corresponding amount of Charges for Deviation payable/receivable for each Buyer and Seller for all the time-blocks when grid frequency was “49.85 Hz and above” and “below 49.85 Hz” separately.	(R) xxx (S) xxx (T) The State Load Despatch Centre shall, on weekly basis, prepare and publish on its website the records of the Deviation Accounts, specifying the quantum of over-drawal/ under-injection and corresponding amount of Charges for Deviation payable/receivable for each Buyer and Seller.
8	13. Accounting of Charges for Deviation (1) xxx (2) xxx i. xxx ii. xxx iii. The State entities shall comply with statutory requirements for payment of applicable statutory levies, including but not limited to Goods and Service Tax (GST), Tax deduction at source (TDS); iv. xxx	13. Accounting of Charges for Deviation (1) xxx (2) xxx i. xxx ii. xxx iii. The State entities shall comply with statutory requirements for payment of applicable statutory levies, if any; iv. xxx
9	**14.Schedule of Payment of Charges for Deviation** (1) xxx (2) If payments against the Charges for Deviation including Additional Charges for Deviation are delayed by more than two days, i.e., beyond twelve (12) days from the date of issue of the statement by the SLDC, the defaulting constituent shall have to pay simple interest @ 0.06% for each day of delay. This is without prejudice to any action that may be taken under Section 142 of the Act in addition to any action under Section 56 of the Act and other relevant Regulations. (3) xxx (4) xxx (5) xxx	**14.Schedule of Payment of Charges for Deviation** (1) xxx (2) If payments against the Charges for Deviation including Additional Charges for Deviation are delayed by more than two days, i.e., beyond twelve (12) days from the date of issue of the statement by the SLDC, the defaulting constituent shall have to pay simple interest @ 0.06% for each day of delay and the same may be added in the energy bill, if such facility is available, of such defaulting constituent by the Distribution Licensee on receipt of information of such default from the SLDC. This is without prejudice to any action that may be taken under Section 142 of the Act in addition to any action under Section 56 of the Act and other relevant Regulations. (3) xxx (4) xxx (5) xxx

10

Annexure-1

Deviation charges for sellers, buyers, and other conditions:

1) As specified in the Regulation 10 (A) of these Regulations, the charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 and its amendments as stipulated in the following table:

Average frequency of time block (Hz)		Charges for Deviation
Below	Not below	(Paise/kWh)
	50.05	0.0
50.05	50.04	Slope determined by joining the price at Not Below 50.05 Hz and identified price at 50.00Hz, and as detailed in the note below this Regulation
50.04	50.03	
50.03	50.02	
50.02	50.01	
50.01	50.00	Daily(simple) average Area Clearing Price discovered in The Day Ahead Market segment of power exchange
50.00	**49.99**	
49.99	**49.98**	
49.98	**49.97**	
49.97	**49.96**	
49.96	**49.95**	
49.95	**49.94**	
49.94	49.93	Slope determined by joining the price identified at 50.00Hz and price at below49.85Hz, and as detailed in the note
49.93	49.92	Below this Regulation
49.92	49.91	
49.91	49.90	
49.90	49.89	
49.89	49.88	
49.88	49.87	
49.87	49.86	
49.85		800

Annexure-1

Deviation charges for sellers, buyers, and other conditions:

1) As specified in the Regulation 10(A) of these Regulations, the charges for the Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the following table:

Average frequency of time block (Hz)		Charges for deviation
Below	Not below	(paise/kwh)
	50.05	0.0
50.05	50.04	Slope determined by joining the price at not below 50.05 Hz and identified price at 50.00 Hz and as detailed in the note below of this Regulation.
50.04	50.03	
50.03	50.02	
50.02	50.01	
50.01	50.00	Where P is the Weighted average Area Clearing Price in paisa per kWh discovered in the Day Ahead Market segments of all the power exchanges
50.00	49.99	Slope determined by joining the price identified at 50.00 Hz and price at below 49.90 Hz and as detailed in the note below of this Regulation.
49.99	49.98	
49.98	49.97	
49.97	49.96	
49.96	49.95	
49.95	49.94	
49.94	49.93	
49.93	49.92	
49.92	49.91	
49.91	49.90	
49.90		1000.00

Note:-

i to v xxx

vi. Omitted.

vii to x. xxx

	Note:- i to v. xxx vi. The Cap rate for the charges for deviation for the generating stations whose tariff is determined by the Commission shall be equal to its energy charges as billed for the previous month. Provided that no retrospective revision of DSM account shall be allowed even if the energy charges are revised at a later date vii to x. xxx	Note:- i to v xxx vi. Omitted. vii to x. xxx
11	**Annexure-II: Additional Deviation Charges** TABLE – I: Additional Deviation Charge (for Seller/Buyer) (A) xxx (B) xxx TABLE – II: Additional Deviation Charge for Under-Injection by Generating Stations Regulated by the Commission Using Coal or Lignite or Gas Supplied Under Administered Price Mechanism (APM) (A) xxx (B) xxx	**Annexure-II: Additional Deviation Charges** TABLE – I: Additional Deviation Charge (for Seller/Buyer) (A) xxx (B) xxx Omitted
12	**Annexure – III** Illustration to the DSM Price Vector specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 and its amendments under Clause 3.1	**Annexure – III** Illustration to the DSM price vector:

12

Average frequency of the time block (Hz)		Charges for deviation (Paise/kWh)
Below	Not below	
	50.05	0.00
50.05	50.04	1 x P/5
50.04	50.03	2 x P/5
50.03	50.02	3 x P/5
50.02	50.01	4 x P/5
50.01	50.00	P
50.00	49.99	50.00+15xP/16
49.99	49.98	100.00+14xP/16
49.98	49.97	150.00+13xP/16
49.97	49.96	200.00+12xP/16
49.96	49.95	250.00+11xP/16
49.95	49.94	300.00+10xP/16
49.94	49.93	350.00+9xP/16
49.93	49.92	400.00+8xP/16
49.92	49.91	450.00+7xP/16
49.91	49.90	500.00+6xP/16
49.90	49.89	550.00+5xP/16
49.89	49.88	600.00+4xP/16
49.88	49.87	650.00+3xP/16
49.87	49.86	700.00+2xP/16
49.86	49.85	750.00+1xP/16
49.85		800.00

Where P is the Daily average Area Clearing Price in paisa per kWh discovered in the Day Ahead Market segment of power exchange.

Average frequency of the time block (Hz)		Charges for deviation (Paise/kWh)
Below	Not below	
	50.05	0.00
50.05	50.04	1 x P/5
50.04	50.03	2 x P/5
50.03	50.02	3 x P/5
50.02	50.01	4 x P/5
50.01	50.00	P
50.00	49.99	90.909 + 10 X P/11
49.99	49.98	181.818 + 9 X P/11
49.98	49.97	272.727 + 8 X P/11
49.97	49.96	363.636 + 7 X P/11
49.96	49.95	454.545 + 6 X P/11
49.95	49.94	545.454 + 5 X P/11
49.94	49.93	636.363 + 4 X P/11
49.93	49.92	727.272 + 3 X P/11
49.92	49.91	818.181 + 2 X P/11
49.91	49.90	909.090 + 1 X P/11
49.90		1000.00

Where P is the Weighted average Area Clearing Price in paisa per kWh discovered in the Day Ahead Market segments of all the power exchanges.

(By Order of the Tamil Nadu Electricity Regulatory Commission)

Chennai-600 032,
30th December 2024.

C. VEERAMANI,
Secretary,
Tamil Nadu Electricity Regulatory Commission.

PRINTED AND PUBLISHED BY THE COMMISSIONER OF STATIONERY AND PRINTING, CHENNAI
ON BEHALF OF THE GOVERNMENT OF TAMIL NADU